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SUBJECT: GERMANY: FORGING A PARTNERSHIP WITH POLAND IN ITS APPROACH TO UKRAINE

REF: A. KYIV 01091

1B. KYIV 00955

1C. KYIV 00578

Classified By: ACTING POLITICAL MINISTER COUNSELOR STAN OTTO

11. (C) SUMMARY. German contacts view Foreign Minister Steinmeier's and Polish Foreign Minister Sikorski's joint trip to Kyiv as indicative of improved German-Polish relations and a significant advance in bringing German and Polish foreign policy positions more into sync. Unsurprisingly, the ministers made little progress during their June 17 visit in persuading Ukrainian leaders to put aside their personal animosities, and Ukrainian leaders appeared to have given up hope for any improvement until after the January presidential election. However, German officials stress that the trip was focused on further improving German-Polish relations, not on improving Ukraine's domestic situation. The view from Berlin is that both Germany and Poland benefit from increased foreign policy partnership. Working with Germany helps Poland counter the perception that it is supportive of Ukraine to a fault, which has tended to limit Poland's leverage in bringing other Allies and EU partners over to its point of view. Similarly, Germany benefits from working with Poland, given its reputation for being too accommodating to Russian sensitivities and for giving short shrift to the former Soviet-dominated east bloc countries. END SUMMARY.

NO TRUCE BETWEEN YUSHCHENKO AND TYMOSHENKO

12. (C) MFA and Chancellery contacts openly admit that the trip was "not a success in terms of concrete outcomes" with the main players in Ukraine continuing to play the blame game (see ref a). The German and Polish foreign ministers arrived with common talking points and a joint paper, focused on the need for Ukrainian leaders to form a short-term political truce to address the current political and economic crises. However, all Ukrainian interlocutors saw little chance for cooperation, and said they only could hope for some improvement after the January election. Parliamentary Speaker Lytvyn launched into a tirade about the pettiness of the Ukrainian political class that sounded like "he was reading from our talking points," according to MFA Head of Russia, Ukraine, and Belarus Division Reichel, who was in the Kyiv meetings. Although Ukrainian interlocutors expressed hope for improvement after presidential election, MFA and Chancellery contacts doubt the internal situation will improve even then.

13. (C) Yushchenko reportedly arrived 45 minutes late for the first meeting of the day, in what the Germans saw as an attempt to curtail the delegation's time with Prime Minister Tymoshenko at the end of the day. He then rambled on about how the third tranche of IMF funds is the "last hope" for forcing Tymoshenko to change her faulty economic policies. Party of Regions Chairman Yanukovych, in contrast, views the

funds as helping Tymoshenko in the run up to the election because the money will enter the budget rather than being allotted for specific projects. Tymoshenko will thus have more control over a non-transparent process. Outmaneuvering Yushchenko, Steinmeier and Sikorski decided to cut their meeting with the temporary foreign minister (appointed by the president) rather than losing time with the prime minister. In contrast to the rambling meeting with the president, Tymoshenko engaged in a "structured" discussion, and laid out how Ukraine will fulfill the IMF criteria for a third tranche of funds.

#### HOW TO FINANCE THE GAS CRISIS?

¶4. (C) Moving beyond domestic political issues, Steinmeier surprisingly closed ranks with Sikorski in publicly rejecting Russian claims that Ukraine is insolvent, and privately urged the Ukrainian leaders not to fall prey to Russian efforts to weaken Ukraine politically. This is in contrast to his previous strictly neutral stance on the gas dispute, which irritated his partners in Poland, Ukraine and other east European countries, Yushchenko played off this message, saying that a Tymoshenko-Yanukovych coalition would have accepted the Russian offer for credit "with political conditions" and thus would have turned the country fully away from the West.

¶5. (C) Yushchenko argued that Ukraine's difficulty in paying its gas bill to Russia (ref b) was a problem for the EU and not just for Ukraine. Tymoshenko openly admitted that Ukraine needs money to pay its upcoming bills. Although she agreed that a mixed team of experts could "look into the facts"

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about gas in Ukraine (i.e., how much was in transit, how much in storage, etc.) and conduct an independent audit of Naftophaz, she refused to consider raising domestic gas prices until after the January election and stressed the need for outside financial assistance. This decision by Tymoshenko undermines her credibility in Germany as a true economic reformer, given the importance that Germany attaches to allowing gas prices to rise to their natural market level in order to maintain the economic viability of the Ukrainian gas system.

#### POLAND STILL AN ADVOCATE FOR UKRAINE?

¶6. (C) MFA sources note more generally that Germany often sees Poland as Ukraine's advocate in the EU (a view shared by Kyiv; see ref c). But Germany hopes this joint trip to deliver a privately critical, but publicly supportive message in Kyiv represents a "more pragmatic, and EU-centered" policy in Warsaw. Steinmeier and Sikorski originally proposed that the EU troika travel to Kyiv, but when that process stalled under the Czech presidency, the MFA and Chancellery supported Sikorski's initiative for a joint German-Polish trip, according to Chancellery Deputy Division Head for Eastern Europe and the Former Soviet Union Israng.

¶7. (C) MFA and Chancellery agree that Germany and Poland need to work more closely on Ukraine, given that Poland has a reputation for being supportive of Ukraine to a fault, which reduces its leverage in bringing other Allies and EU partners along to its point of view. Germany also benefits from this relationship, given its reputation for being too accommodating to Russian sensitivities and concerns. The two foreign ministries worked closely beforehand to develop talking points and a joint paper, but Sikorski surprised Steinmeier during the flight to Kyiv with an additional paper drafted by the Swedes. When he delivered the paper to Yushchenko and Tymoshenko, Sikorski stressed that Ukraine needs to speed up the association agreement negotiations with the EU as "Ukraine will get the best deal during the Swedish presidency." Although Tymoshenko agreed that negotiations are dragging, Yushchenko saw no problems with how his foreign ministry was performing.

THE POSITIVE SIDE OF THE TRIP: POLISH-GERMAN TIES

18. (C) Although admitting that substantive differences remain between Berlin and Warsaw on their approach to Russia and eastern Europe, the Chancellery and MFA see the trip as one more indication of the improved German-Polish bilateral relationship and the mutual benefit that can be derived from it. The two ministers presented a joint position vis-a-vis "an important neighbor to the east," and MFA was pleased with positive Polish press on how the foreign ministers worked together. Steinmeier stopped briefly in Poland on the return trip, and jointly briefed PM Tusk on the trip before starting bilateral discussions, largely concerning upcoming anniversary events, according to MFA Deputy Head of Eastern Europe Division Hartmann.

19. (C) COMMENT. The rapprochement between the two ministers is especially interesting because not too long ago, during the search for a new NATO Secretary General, senior German politicians complained to us privately how much of a loose cannon Sikorski was, especially in his criticism of Russia. MFA contacts, however, see no indication that Sikorski is "holding a grudge" against Germany because he was not appointed as the new SecGen.

110. (C). Given the success of this "test case," Germany hopes to focus on finding a common position on Russia, which can help counter the perception that Germany seeks a "special foreign policy" with Russia at the potential expense of other NATO and EU members. MFA contacts stress the importance of showing that Germany is in sync with the EU policy toward Russia, and hopes that working with Poland, a country generally more critical of Russia than Germany, will further improve German-Polish relations as well as EU foreign policy coherence. END COMMENT.

Koenig